

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF RANDY LARSEN)	APPEAL NO. 06-A-2061
from the decision of the Board of Equalization of)	FINAL DECISION
Bannock County for tax year 2006.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing October 26, 2006, in Pocatello, Idaho, before Board Member David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Appellant Randy Larsen appeared for himself. Assessor Diane Bilyeu and Appraiser Stephen Rhoads appeared for Respondent Bannock County. This appeal is taken from a decision of the Bannock County Board of Equalization (BOE) modifying¹ the protest of the valuation for taxing purposes of property described as Parcel No. RPCPP134815.

The issue on appeal is the market value of a residential property.

The decision of the Bannock County Board of Equalization is modified.

FINDINGS OF FACT

The subject property's assessed land value is \$36,960, and the improvements' valuation is \$59,809, totaling \$96,769. In the notice of appeal, Appellant requests the land value be reduced to \$22,017, and the improvements' value be reduced to \$44,000, totaling \$66,017. At hearing, a final value of \$61,252 was offered (land \$22,017; improvements \$39,235.)

The subject property is 8.74 acres and a 1,782 square foot Guerdon manufactured house located in Pocatello, Idaho. The residence was built in 1995. Appellant has added a covered deck. There is no garage or carport. The manufactured house is set on a permanent foundation and declared real property. Much of the subject tract is hilly. It was reported no livestock grazing is permitted as the property lies inside city limits.

¹The Board of Equalization reduced the improvement value for an unspecified reason.

Appellant contended the 2006 assessment of subject property should reflect depreciation. The 2006 assessment (after the BOE adjustment) increased over the 2005 amount by 26%. Twelve sales in the Pocatello area were presented. Nine of the 12 were contended to reflect a depreciation in value. The “depreciation” is measured by taking recent sales prices and comparing them to 2004 assessed values. In another respect the time frame considered was expressed to be within the last five years. Three sales either showed no change or an increase, i.e. “appreciation.” The appreciating homes were noted to have extra improvements like garages.

Appellant explained the sales were comparable in year of manufacture, construction quality, and where all were on permanent foundations. The County noted some of the 12 sales were foreclosure or repossession type sales. Taxpayer, a county appraiser himself, argued “repo” sales are common and therefore reflective of market value and should not be ignored. Appellant contended the comparable sales most similar to subject reflected a depreciation of 2% to 18%.

Land and residence components were analyzed independently as well. Appellant looks to how other property was assessed (increased) in support for the subject’s land value claim. A diverse group of properties were discussed. In conclusion, it was claimed the subject land should have been assessed like nearby subdivision land, i.e. increased 30% over the 2005 assessed value. Several problems with the residence were reported including sheet rock cracking, movement, exterior siding, and electrical issues. Siding replacement was estimated to cost about \$12,000. The County, after speaking with a builder representative, thought a majority of the siding issue could be addressed by re-nailing the panels. Respondent characterized a majority of Appellant’s described problems as deferred maintenance issues. The record suggests the Assessor made no special adjustment to the subject improvements’ value,

apparently considering the condition to be typical.

In support of the assessed values, the County presented three comparable land sales. The prices ranged from \$45,000 to \$60,000. Land sizes ranged from .96 acres to 8.00 acres. The 8-acre (\$60,000) sale appeared to be outside city limits with a different zoning standard. Subject's 8.74 acres was valued at \$36,960.

Three manufactured home sales on permanent foundations, and declared as real property, together with the associated land were also presented. The three improved properties sold in 2005 for \$98,000, 159,000 and \$124,000. The Assessor considered a number of property characteristics for each sale with the property features and attributes associated with the subject property. An electricians report on the subject residence wiring was also considered. At inspection some panel box screws were tightened and much of the "voltage drop" was cured. Respondent took the extraordinary action and hired the electrician for \$40 to inspect the home. Appellant had estimated at the BOE the problem would take \$10,000 to fix.

Respondent believed the comparables were similar to subject in important respects and that the assessed value of subject was in line with the compared sale prices. The County concluded the 2006 subject assessment was at or below fair market value.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Appellant identified several current comparable sales. However the sales were not compared to the subject property in a recognized appraisal approach. The sales were instead

compared to assessed values to develop relative “depreciation” factors. Based on an analysis of other property assessments, Appellant claims subject is over-assessed.

The County Assessor also presented sale information on several properties and compared it directly to the subject property. The County analysis focused more on current market value rather than relative increases or comparisons to assessed values of other properties. On appeal, the County records pertaining to the subject property’s characteristics appeared accurate. There was a dispute and difference of opinion on the condition of the residence. The Assessor described the manufactured home as showing normal wear and tear. Appellant described the condition as more serious than typical and requiring significant repairs. The County conceded certain repairs were necessary to the exterior siding, yet made no special adjustment. The siding condition was not demonstrated to be present with any of the comparable sales. Nails, a compressor, [a pneumatic nail gun] and labor were suggested to be necessary to re-nail the siding. We are not persuaded the siding must be completely replaced as argued by Appellant. However, it appears unlikely the condition of subject is that of the typical marketed residence and some adjustment is found to be warranted. Respondent's suggested cure did not provide a price tag but did outline the materials and work needed. The Board in considering the re-nailing and a certain limited amount of other attention to some of the other deferred maintenance items will make an additional \$3,000 adjustment. We are mindful the BOE made some adjustment to the improvements value also. Taken together, we believe the two adjustments would go far to restoring the subject residence to a normal wear and tear condition as reflected in the sales. Appellant does not prevail on any land adjustment wear the value claim is based on a comparison to other assessed values. The decision of the Bannock County Board of Equalization will be modified.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bannock County Board of Equalization concerning the subject parcel be, and the same hereby is, modified to reflect a decrease in the value attributable to the improvements of \$3,000. There is no change to the subject land value.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 6TH day of April, 2007.